

outstanding for positioning a block of stock.

(e) The Board is of the view that the computation of such 20-day period shall commence on the business day following the date of trade.

[37 FR 24105, Nov. 14, 1972; 37 FR 26315, Dec. 9, 1972]

**§ 221.122 Applicability of margin requirements to credit in connection with Insurance Premium Funding Programs.**

For text of this interpretation, see § 207.108 of this subchapter.

(Interprets and applies 12 CFR 207.4(f) and 12 CFR 221.3(x))

[39 FR 9425, Mar. 11, 1974]

**§ 221.123 Bona fide arbitrage transactions.**

For the text of this interpretation, see § 220.126 of this subchapter.

(Interprets and applies 12 CFR 220.4(c), 220.4(d))

[38 FR 5237, Feb. 27, 1973; 40 FR 59322, Dec. 23, 1975]

**§ 221.124 Application of the single-credit rule to loan participations.**

For text of this interpretation, see § 207.113 of this chapter.

[Reg. U, 56 FR 46228, Sept. 11, 1991]

**§ 221.125 Credit to brokers and dealers.**

For text of this interpretation, see § 207.114 of this subchapter.

[Reg. U, 61 FR 60167, Nov. 26, 1996]

**PART 224—BORROWERS OF SECURITIES CREDIT (REGULATION X)**

Sec.

224.1 Authority, purpose, and scope.

224.2 Definitions.

224.3 Margin regulations to be applied by nonexempted borrowers.

AUTHORITY: Sec. 7(f), as amended (15 U.S.C. 78a–jj).

SOURCE: Reg. X, 48 FR 56572, Dec. 22, 1983, unless otherwise noted.

EDITORIAL NOTE: See the List of CFR Sections Affected in the Finding Aids section of this volume for FR citations to Part 224 OTC Margin Stocks changes.

**§ 224.1 Authority, purpose, and scope.**

(a) *Authority and purpose.* Regulation X (this part) is issued by the Board of Governors of the Federal Reserve System (the Board) under the Securities Exchange Act of 1934, as amended (the Act) (15 U.S.C. 78a et seq.). This part implements section 7(f) of the Act (15 U.S.C. 78g(f)), the purpose of which is to require that credit obtained within or outside the United States complies with the limitations of the Board's Margin Regulations G, T, and U (12 CFR parts 207, 220, and 221, respectively).

(b) *Scope and exemptions.* The Act and this part apply the Board's margin regulations to United States persons and foreign persons controlled by or acting on behalf of or in conjunction with United States persons (hereinafter borrowers), who obtain credit outside the United States to purchase or carry United States securities, or within the United States to purchase or carry any securities (both types of credit are hereinafter referred to as purpose credit). The following borrowers are exempt from the Act and this part:

(1) Any borrower who obtains purpose credit within the United States, unless the borrower willfully causes the credit to be extended in contravention of Regulations G, T, or U.

(2) Any borrower whose permanent residence is outside the United States and who does not obtain or have outstanding, during any calendar year, a total of more than \$100,000 in purpose credit obtained outside the United States; and

(3) Any borrower who is exempt by Order upon terms and conditions set by the Board.

**§ 224.2 Definitions.**

The terms used in this part have the meanings given to them in sections 3(a) and 7(f) of the Act, and in Regulations G, T, and U. Section 7(f) of the Act contains the following definitions:

(a) *United States person* includes a person which is organized or exists under the laws of any State or, in the case of a natural person, a citizen or resident of the United States; a domestic estate; or a trust in which one or more of the foregoing persons has a cumulative direct or indirect beneficial interest in

excess of 50 per centum of the value of the trust.

(b) *United States security* means a security (other than an exempted security) issued by a person incorporated under the laws of any State, or whose principal place of business is within a State.

(c) *Foreign person controlled by a United States person* includes any non-corporate entity in which United States persons directly or indirectly have more than a 50 per centum beneficial interest, and any corporation in which one or more United States persons, directly or indirectly, own stock possessing more than 50 per centum of the total combined voting power of all classes of stock entitled to vote, or more than 50 per centum of the total value of shares of all classes of stock.

**§ 224.3 Margin regulations to be applied by nonexempted borrowers.**

(a) *Credit transactions outside the United States.* No borrower shall obtain purpose credit from outside the United States unless it conforms to the following margin regulations:

(1) Regulation T (12 CFR part 220) if the credit is obtained from a foreign branch of a broker-dealer;

(2) Regulation U (12 CFR part 221) if the credit is obtained from a foreign branch of a bank, except for the requirement of a purpose statement (12 CFR 221.3 (b) and (c)); and

(3) Regulation G (12 CFR part 207) if the credit is obtained from any other lender outside the United States, except for the requirement of a purpose statement (12 CFR 207.3 (e) and (f)).

(b) *Credit transactions within the United States.* Any borrower who willfully causes credit to be extended in contravention of Regulations G, T, or U, and who, therefore, is not exempted by § 224.1(b)(1) of this part, must conform the credit to the margin regulation that applies to the lender.

(c) *Inadvertent noncompliance.* No borrower who inadvertently violates this part and who acts to remedy the violation as soon as practicable shall be deemed in violation of this part.

**PART 225—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (REGULATION Y)**

REGULATIONS

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- 225.21 Prohibited nonbanking activities and acquisitions; exempt bank holding companies.
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- 225.31 Control proceedings.